Microfinance Non-Financial Services: A Key for Poverty Alleviation? Lessons from Mexico

Paper co-authored with Pamela Lenton and Paul Mosley

by Dr. Olga Biosca
(Yunus Centre for Social Business & Health, Glasgow, Glasgow Caledonian University, United Kingdom)

Abstract:
It has become common to try and increase the effectiveness of microfinance programs by adding supplementary services to the financial product. However, the added value accruing from this ‘credit-plus’ approach has been little analyzed. We hypothesize that the extent of added value from credit-plus depends on the ability of the credit supplier to cultivate trust, or social capital, amongst clients. Applying difference-in-difference estimation, we exploit a natural experiment of two ‘credit-plus’ microfinance programs in Mexico. The findings suggest that credit-plus is not universally effective, but that it is at its most effective, especially with low-income groups, where ‘bonding’ social capital exists.

Wednesday, December 4, 2013

From 12.15p.m. to 1.45p.m.

Location: Seminar Room R42.2.110 (ground floor) of the Université libre de Bruxelles (ULB), Solvay Brussels School of Economics and Management

Av. F.D. Roosevelt, 42- 1050 Brussels

Please confirm your attendance to cermi@ulb.ac.be at the earliest.